

110TH CONGRESS
1ST SESSION

S. 1504

To revalue the LIFO inventories of major integrated oil companies.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2007

Ms. SNOWE introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To revalue the LIFO inventories of major integrated oil
companies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REVALUATION OF LIFO INVENTORIES OF**
4 **MAJOR INTEGRATED OIL COMPANIES.**

5 (a) GENERAL RULE.—Notwithstanding any other
6 provision of law, if a taxpayer is a major integrated oil
7 company for its last taxable year ending in calendar year
8 2007, the taxpayer shall—

9 (1) increase, effective as of the close of such
10 taxable year, the value of each historic LIFO layer
11 of inventories of crude oil, natural gas, or any other

1 petroleum product (within the meaning of section
2 4611) by the layer adjustment amount, and

3 (2) decrease its cost of goods sold for such tax-
4 able year by the aggregate amount of the increases
5 under paragraph (1).

6 If the aggregate amount of the increases under paragraph
7 (1) exceeds the taxpayer's cost of goods sold for such tax-
8 able year, the taxpayer's gross income for such taxable
9 year shall be increased by the amount of such excess.

10 (b) LAYER ADJUSTMENT AMOUNT.—For purposes of
11 this section—

12 (1) IN GENERAL.—The term “layer adjustment
13 amount” means, with respect to any historic LIFO
14 layer, the product of—

15 (A) \$18.75, and

16 (B) the number of barrels of crude oil (or
17 in the case of natural gas or other petroleum
18 products, the number of barrel-of-oil equiva-
19 lents) represented by the layer.

20 (2) BARREL-OF-OIL EQUIVALENT.—The term
21 “barrel-of-oil equivalent” has the meaning given
22 such term by section 45K(d)(5) of the Internal Rev-
23 enue Code of 1986.

24 (c) APPLICATION OF REQUIREMENT.—

1 (1) NO CHANGE IN METHOD OF ACCOUNTING.—

2 Any adjustment required by this section shall not be
3 treated as a change in method of accounting.

4 (2) UNDERPAYMENTS OF ESTIMATED TAX.—No

5 addition to the tax shall be made under section 6655
6 of the Internal Revenue Code of 1986 (relating to
7 failure by corporation to pay estimated tax) with re-
8 spect to any underpayment of an installment re-
9 quired to be paid with respect to the taxable year
10 described in subsection (a) to the extent such under-
11 payment was created or increased by this section.

12 (d) MAJOR INTEGRATED OIL COMPANY.—For pur-
13 poses of this section, the term “major integrated oil com-
14 pany” has the meaning given such term by section
15 167(h)(5)(B) of the Internal Revenue Code of 1986.

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